

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT –  
COLLABORATIVE LOGISTICS

Docket No. MT2009-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE  
OF TERMINATION OF MARKET TEST**  
(August 19, 2011)

The United States Postal Service hereby provides notice that it intends to terminate the Collaborative Logistics market test, effective September 19, 2011. Originally scheduled to expire on May 6, 2011, the market test was extended until June 6, 2011, by Commission Order No. 742.<sup>1</sup> Subsequently, the Postal Service moved for an additional extension until it filed notice that Collaborative Logistics would be established as a permanent product. In Order No. 742, the Commission granted the additional extension temporarily until September 30, 2011, on or before which the Postal Service would have filed its notice seeking permanent status.<sup>2</sup>

In requesting the previous extensions, the Postal Service expressed its intention to establish Collaborative Logistics as a permanent product, in light of its favorable reaction to the results of the market test. Since Order No. 742, the Postal Service has reevaluated its plans, based on changes in its organizational structure, its current financial condition, and operations concerns. Area Mail Processing and other facility

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<sup>1</sup> Notice and Order Granting Temporary Extension of Collaborative Logistics Market Test, Order No. 720, Docket No. MT2009-1 (April 28, 2011).

<sup>2</sup> Order Granting in Part Temporary Extension of Collaborative Logistics Market Test, Order No. 742, Docket No. MT2009-1 (June 3, 2011).

consolidation activities have resulted in significant opportunities to reduce transportation. Management has therefore determined that resources should be devoted to consideration of initiatives to consolidate facilities and transportation in order to reduce cost. Among other considerations, aggressive cost cutting measures will impact Collaborative Logistics revenue opportunities.

The termination will be effective as of September 19, 2011. The Postal Service has begun the process of notifying its customers of the termination date. Expiring contracts will sunset and will not be renewed, and any other contracts will be terminated during this time period. The Postal Service expects that by the September 19 termination date, all customer agreements under the Collaborative Logistics market test will have concluded.

Order No. 742 directed that Collaborative Logistics would terminate as a market test if the Postal Service did not file for permanent status on or before September 30, 2011. Accordingly, the Postal Service understands that it need not take further action to adjust the Mail Classification Schedule (MCS), and the market test will expire in the MCS at the end of September.

The Postal Service thanks the Commission for its flexibility in adapting its procedures to accommodate the previous extensions. The Postal Service also thanks the Public Representative, and all interested parties for their support of this experimental venture. The Postal Service is keeping open the possibility that Collaborative Logistics will be initiated as a permanent product in the future, depending on financial and operations conditions. The Postal Service will continue to evaluate the

successes and challenges of the Collaborative Logistics market test over the coming months.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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